

Economics 560  
Fall 2020

## Topics in International Economics

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Professor Patrick Conway  
300-F Gardner

Office Hours: in person, 1:30 to 2:30 pm on Monday and Wednesday  
Virtual, 1:30 to 2:30 pm on Tuesday and Thursday by Zoom at URL  
<https://unc.zoom.us/j/94435550473> and by appointment

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This course builds upon the knowledge of international economics from previous semesters and applies it to a series of specific case studies of international trade and international finance. We will meet on Tuesdays and Thursdays from 3 pm to 4:15 pm in Global Education Center (Fedex Building) 1005. International Economics (Economics 460) is a prerequisite for this course.

The theme of this course will be the role that the US plays in the international economy. We will address its implications for international trade, for the environment, for foreign investment, for intellectual property, and for growth in both developed and developing countries.

The semester is divided into two parts. The initial section will be an extension of your knowledge on five topical areas central to international economic relations -- including trade, finance, and investment theory -- through case studies, class discussions and student presentations. In the final part, each student presents his or her original research and participates in drafting a "white paper" on US-European Union (EU) economic relations.

By the end of the semester, each student will have been graded on a paper (30 percent), on written participation in the case studies and white-paper drafting (20 percent), on a midterm (20 percent) and on a cumulative final exam (30 percent). The midterm will be held in class on 1 October. The paper will be due the last day of class, 17 November, at the beginning of class. Late submission for the paper will be penalized by 1/3 letter grade per day. The final examination will be given ... (TBD). If you miss the midterm, the weight of that midterm in the course grade will be added to the weight on your final. An exception will be made for University-approved absences (see <http://catalog.unc.edu/policies-procedures/attendance-grading-examination/>); students with this type of absence may request a make-up examination at a time convenient to both student and instructor.

There is no required text for the course. Each student is expected to have an international economics text (e.g., from Economics 460) for reference. We will also use extensively materials gathered on the course website in Sakai.

This is a course with a research component, and we will have a research schedule that parallels our in-class schedule. Please keep track of both as we go through the semester.

## COURSE FRAMEWORK

**In-class activity.** The initial twelve weeks will have two components: case study presentation of the theory and practice of five current issues in international economics, and class discussion of five related themes drawn from the current financial crisis. These cases and themes are:

Issue	Case	Theme
Commercial trade policy and unfair trade	Solar World and Declining US Production of Solar Panels	Trade policy in a high-tech industry
Effects of foreign direct investment	Ford Motor Company in Mexico	Imbalances, risk and the decision where to invest
International trade and the environment	Panning for Gold: the Kumtor Gold Mine in the Kyrgyz Republic	Kyoto, Copenhagen, and Paris: global environmental policy
Monetary and exchange rate policy	Alexis Tsipras and the Grexit Decision	The Euro, the Eurozone, and the potential of European economic growth
Intellectual property rights and developing countries	CIPLA Ltd. and the Provision of Anti-HIV Pharmaceuticals in Africa	Intellectual property protection vs. economic development

We will have roughly five class periods for each issue. We will begin each issue with the case study for identification of relevant questions. We will introduce the theory available for the analysis of these questions and will return to the case for conclusions and extensions. We will then focus what we have learned from the case upon international trade and financial policy.

There will be substantial student involvement in the preparation, presentation and extension of each case. The 20 percent of the grade associated with participation will be assigned based upon the presentations made and the responses to written assignments associated with the case studies. This grade will be adjusted downward if there is failure to participate meaningfully in group activities.

**Research activity.** Each student will choose to work in one of five groups in researching and analyzing an aspect of US-EU (European Union) economic relations. These are related to the themes above:

- US-EU trade policy in high-tech industries.
- US-EU cooperation (or competition) in environmental policy.
- US and EU policies constraining foreign investment from the other.
- The dollar, the euro, and the management of the bilateral exchange rate.
- The growing wave of indebtedness in the US and EU economies.

The groups will have this common theme, but each of you will write your own paper on an individual topic within that theme. Your group will also be responsible for a joint presentation that summarizes your analysis and provides policy recommendations for the two countries. In

the final three weeks, you will give that presentation; you will also work with the other students in your group to draft a “white paper” bilateral agreement between the EU and the US in this substantive area. On the final day of class, you as a class will be debriefed by senior governmental administrators in a policy review session.

## **LEARNING IN THE TIME OF COVID**

This fall will be a new experience for all of us. I recognize that you may be a senior completing your last requirement for graduation, and I will work with you to ensure that you have every chance to succeed in this disruptive time.

Our course is designated as “Face-to-face/Hybrid”. We have sufficient seating in our classroom to accommodate all of our students with social distancing, so I will not be having simultaneous live-streaming. I will also plan to record each class session. Please note that these video recordings will be a poor substitute for participating in class – this is a course in which active participation is essential.

This fall semester, while we are in the midst of a global pandemic, you and I are required to wear a mask covering our mouth and nose at all times in our classroom. This requirement is to protect our educational community — your classmates and me – as we learn together. If you choose not to wear a mask or wear it improperly, I will ask you to leave immediately and I will submit a report to the Office of Student Conduct. At that point you will be disenrolled from this course for the protection of our educational community. Individuals with a disability or health condition that prevents them from safely wearing a face mask must seek alternative accommodations through the Accessibility Resources and Service office. For additional information, see Carolina Together.

## **YOUR SUBSTANTIVE RESPONSIBILITIES**

The final product expected of you will include:

- Written two-page analyses associated with each of the case discussions.
- The paper described above, including first and second drafts on 20 October and 10 November.
- A one-page outline of your recommendations for the “white paper” due on 5 November.
- At least one in-class presentation.
- Participation in drafting the white paper.
- A mid-term exam covering lecture and discussion materials from the first seven weeks of class.
- A comprehensive final exam.

## **THE COURSE PAPER**

There is no length requirement per se but our rule of thumb will be that your paper will comprise between 15 and 20 double-spaced, typed pages with normal margins. The paper must include a complete bibliography and proper citation of sources. The use of diagrams is encouraged in the analytical section; these should be appended to the paper, described fully in the text, and not counted toward this page target.

Except in extraordinary circumstances, students will be penalized one-third grade per calendar day for late submission. A paper not submitted by the date of the final exam is worth zero. The

paper must represent your original work completed during the current semester. All quotations and paraphrased material must be identified as such in the text.

Once you have chosen your group, you will sit down with me and your other group members to determine what part of the theme you will be responsible for researching. Your assignment will define the perspective from which you write your paper – for example, the goals of developing countries in exiting the financial crisis will be quite different from the goals of the US in exiting the financial crisis. Your assignment will be independent of all others in your group, and your paper will be treated as an independent graded assignment.

1. Structure. This is your paper, and you are responsible for its content. If you are unsure of the appropriate content, here is a suggested outline of important substantive components for the paper.

**Goal.** What, from your perspective, should your group achieve as a bilateral outcome?

**Description of recent history.** In this section, you should discuss the historical experience in the area of your expertise. For example, what were US and EU perspectives on climate change policy until now? (Note that the US perspective can be quite different from the EU – those could be two independent paper topics.)

**Current state of policy.** How are US, the EU or other actors affected by the current policy structure? This could be national or multilateral policy. You should use economic theory extensively to describe the current situation.

**Analysis of policy proposal.** In this section, you: Present the results of your research. Put forward your policy proposals. Demonstrate their impact within the theoretical constructs presented in class. These proposals must be economically feasible – if your proposal is a stimulus program, for example, you must explain where the funds will come from.

**Conclusion.**

2. Grading. The papers will be evaluated along the following dimensions, with equal weight given to each:

- **Research effort.** This evaluates the degree of outside research done by (a) the degree to which the bibliography incorporated materials found outside the class, and (b) the degree to which the written text reflected a thoughtful and analytical incorporation of those materials.
- **Incorporation of empirical evidence, with results from econometric analysis rated significantly more highly.**
- **Analytical effort.** This refers to your success in bringing the economic theories discussed in class and the research results of your collaborative work into your evaluation of the economic situation facing your actor.
- **Descriptive detail.** This rewards your ability to provide relevant detail about the economic situation facing your group.
- **Recommendations.** These should follow directly from the analysis included in the paper.

## GRADING SCALE

Your final grade for the class will be a letter grade, with possibly a + or – attached. On case study assignments, midterms and final exam your grade will be in numeric form. Here is the concordance from one to the other:

	B+: 86.00 – 88.99	C+: 76.00 – 78.99	D+: 66.00 – 68.99
A: 93.00 to 100	B: 82.00 – 85.99	C: 72.00 – 75.99	D: 62.00 – 65.99
A-: 89.00 to 92.99	B-: 79.00 – 81.99	C-: 69.00 – 71.99	D-: 59.00 – 61.99

Any lower grade will be an F.

## THE HONOR CODE

The University of North Carolina at Chapel Hill has had a student-administered honor system and judicial system for over 100 years. The system is the responsibility of students and is regulated and governed by them, but faculty share the responsibility. If you have questions about your responsibility under the honor code, please bring them to your instructor or consult with the office of the Dean of Students or the Instrument of Student Judicial Governance. This document, adopted by the Chancellor, the Faculty Council, and the Student Congress, contains all policies and procedures pertaining to the student honor system. Your full participation and observance of the honor code is expected. If you have any questions about the Honor Code and its implications for your work, consult [honor.unc.edu](http://honor.unc.edu).

## OTHER STUDENT SUPPORTS

**Accessibility Resources and Services:** If you have a learning disability and need accommodations to participate in classes or graded work, be sure to alert me and to obtain certification for that accommodation through Accessibility Resources and Services on campus. Consult [ars.unc.edu](http://ars.unc.edu) for additional details.

**Counseling and Psychological Services:** CAPS is strongly committed to addressing the mental health needs of a diverse student body through timely access to consultation and connection to clinically appropriate services, whether for short or long-term needs. Go to their website: <https://caps.unc.edu> to learn more or visit their facilities on the third floor of the Campus Health Services building for a walk-in evaluation.

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Date	Heading	Read:
11 August	Introduction and housekeeping	
13 August	The US international economy: recent events	
18 August	International Trade – the problem	Solar World 2011
20 August	International Trade -- theory	
25 August	International Trade – issues	WSJ, WH, Economist
27 August	Group formation +	
1 September	International Trade – the solutions	USDOC findings
3 September	Grexit – the problem	Grexit_Tsipras_2015 E&Y, Nation
8 September	Grexit and debt	Reinhart/Rogoff
10 September	Grexit and policy space	Romer/Romer, Argentina
15 September	Grexit – the solution	
17 September	Direct Foreign Investment 1	Shifting Gears (forda)
22 September	Direct Foreign Investment: theory	fordb, action mem
24 September	Direct Foreign Investment 3	Rodrik
29 September	Direct Foreign Investment 4	fordc, news articles
1 October	Midterm Examination	
6 October	Environment/Trade 1	Panning for Gold (A)
8 October	Environment/Trade theory	Economist, Green Protectionism
13 October	Environment/Trade – issues	Dean
15 October	Environment/Trade -- solutions	Panning for Gold (B)
20 October	Group follow-up +	
22 October	Trade and Intellectual Property 1	Cipla case
27 October	Trade and Intellectual Property 2	Patents readings
29 October	Trade and Intellectual Property 3	HIV-IIPI
3 November	Trade and Intellectual Property 4	Cancer in Africa
5 November	Group A and B presentations	
10 November	Group C and D presentations	
12 November	Group E presentation, and final group collaboration – white paper due by 5 pm.	
17 November	Debriefing – and hand in course papers	
?? November	Final Exam	

**This schedule is provided for planning purposes and will be adjusted as necessary as the semester proceeds.**

**For your individual course paper:**

- (1) Group formation, 27 August, in class.
- (2) Submit paper proposal and outline by noon on 8 October. Meet one-on-one with Conway during office hours during the week of 12 October to discuss progress on your paper.
- (3) Submit paper first draft by noon on 20 October. Meet one-on-one with Conway during the week of 26 October to get comments on your paper.
- (4) Submit paper second draft by noon on 10 November. Meet one-on-one with Conway during that week to get final comments.
- (4) Submit final version of course paper in class on 17 November.

**For the white paper:**

- (1) Group Formation, 27 August in class.
- (2) Group Follow-up, 20 October in class. Compare and critique conclusions drawn in research; look for common themes to include in the white paper.
- (3) Group presentations: 5, 10 and 12 November.
- (4) Submit white paper recommendations: 5 pm on 15 November.
- (5) Defend white paper recommendations, 17 November in class.